

January 25, 2023

From: Kevan Acord

To: Kansas Senate

Re: Written testimony regarding Senate Bill 40

My name is Kevan Acord. I am a licensed CPA and attorney in Kansas. I am the main principal of the law firm BridgeBuilder Tax + Legal Services, P.A., located in Lenexa, Kansas. I have practiced tax law for over thirty-five years. I graduated from Washburn University in 1981 (BBA) and 1984 (JD).

I contacted Caryn Tyson last year concerning an issue that has arisen in Kansas income taxation with respect to the carryforward of tax net operating losses for individuals due to the passage of the CARES Act in 2020. The CARES Act, as signed into law by President Trump, allows a five-year carryback period for federal tax net operating losses incurred in tax years 2018, 2019, and 2020. Previously, federal law did not allow the carryback of net operating losses. Kansas law followed federal law on that matter. Accordingly, for Kansas income tax purposes, the federal net operating loss is the same for Kansas income tax purposes.

However, because of the five-year carryback provision referenced above in the CARES Act, Kansas individual income tax filers who elect to carry back their federal net operating losses for 2018, 2019, and 2020, will not be allowed to receive any Kansas benefit for those net operating losses. I have several clients who sustained substantial net operating losses in 2018, 2019, and 2020 and have carried back those losses for federal income tax purposes, but now find that they are receiving no benefit for those losses in Kansas.

Senate Bill 40 will rectify this problem and allow Kansas taxpayers to retain these net operating losses and use them over the succeeding twenty-year period.

Please let me know if you have any questions.

My contact information is as follows:

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